

City Coordinator – Finance Department 2011 Budget Hearing

Ways and Means/
Budget Committee Presentation
September 21, 2010

Highlights of the Mayor's Recommended Budget

FTE Reduction	Personnel	Non- Personnel	Total Reduction
5.0	\$278K	\$156K	\$434K

- \$22.0 million; -1.2% decrease over all funds
- \$137k in healthcare savings used to offset proposed General Fund reductions and minimize position eliminations
- 5 FTE reduction includes 1 FTE reduction as a result of customer requested service changes and 4 FTEs to meet 2011 budget target
- Increase revenue \$52k to cover Finance costs associated with processing payment transactions without a purchase order
- General Fund Overhead charges increased \$95k to cover BIS allocation charges associated with utility bill printing for Public Works, Utility Funds *[Technical change]*

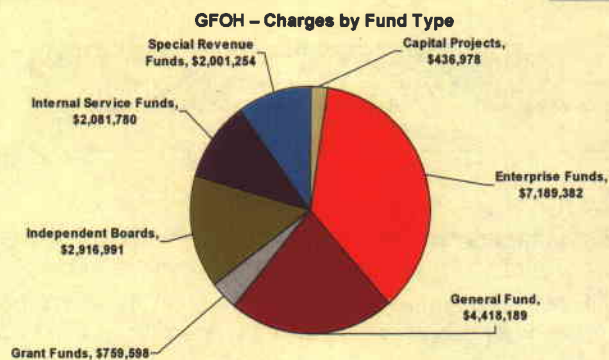
Highlights of the Mayor's Recommended Budget

Service	FTEs	\$ Reduction
Bill and Collect Revenues, Cash Mgmt, Investment	2.0	\$149,046
Financial Services to Departments	0.0	\$0
Order, Receive & Pay for Goods and Services	1.0	\$78,178
Pay Employees	1.0	\$69,881
Risk Management	0.0	\$0
Strategic Financial Services	0.0	\$0
Healthcare Savings – Used to Offset Other Reductions Initially Planned (All Services)	0.0	\$137,376
Total	4.0	\$434,481

Finance's budget cuts by Service Activity. Does not include FTE reduction resulting from customer department requested service changes. Healthcare savings used to offset Mayor's recommended reduction and elimination of 1.0 additional FTE.

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City Coordinator – Finance 2011 Mayor's Recommended General Fund Overhead Allocation Model (19.8 million)



The 2011 recommended budget reductions (\$434,481) represent a 10 percent decrease in Finance's budget supported by the General Fund.

Note: The General Fund portion of the Finance Department budget is supported through the General Fund Overhead (GFOH) Allocation Model. The GFOH charges for Finance include revenue from Capital Funds, Enterprise Funds, General Fund, Internal Service Funds, Special Revenue Funds, and Independent Boards and Commissions.

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Overall Progress of Current Department Initiatives

Progress Areas

- Procure-to-pay business process improvement
- Invoice Imaging (1 million pieces of paper annually)
- Central Requisitions & Receiving Group
- Redesign of cash reconciliation process

New/Continued Work Areas

- Time & labor business process improvement
- COMPASS Support Team (BIS-Finance-HR)

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Trends and Challenges

- Nine years of budget reductions totaling \$5.8 million (2003-2011)
- Loss of 32 FTEs since 2005 (a 16-percent reduction in our workforce)
- Enterprise need for strategic financial analysis increasing (decreasing LGA, pension reform, salary forecasting, etc.)
- Continued business process improvements
- Change management efforts associated with large BPI projects that affect all dept/employees (procure-to-pay, time & labor)
- Significant investment in technology information systems
- Increased costs associated with growth of credit card transactions
- Growth in state unemployment, workers' comp & liability claims, and related state fees

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Impact of Recommended Budget on Key Results

- Focus on provision of core services (paying employees, paying vendors, procuring goods and services, collecting revenues, investing cash reserves, administering liability and workers' comp claims, and issuing bonds):
 - Inability to provide strategic analysis on financial threats, trends or events
 - Greater risk for fraud and theft due to weakened financial controls
 - More negative audit findings from the State Auditor
 - Loss of revenues and investment income due to slower revenue collection
 - Limited ability to support COMPASS and produce customized reports

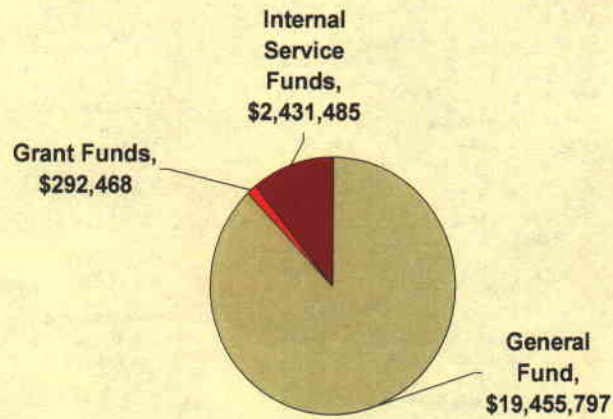
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Recent or Planned Efficiencies

- Improved revenue collection process (closing cash counting facility, move to lockbox check processing, centralized revenue collection)
- Position management BPI with Human Resources
- Procure-to-pay (vendor) business processes
- Automated employee time entry and related business processes (Time and Labor)
- Redesign in cash reconciliation process
- Improved internal administrative support
- Reduced number of PCs
- Improve recovery of general fund overhead allocation charges from grants and boards

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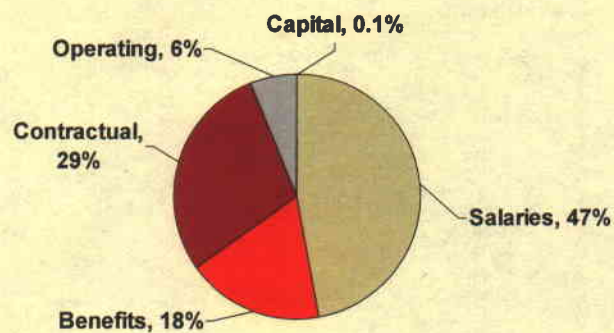
City Coordinator – Finance 2011 Mayor's Recommended Expenditures by Fund (\$22.2 million)



Note: The General Fund portion of the Finance Department budget is supported through the General Fund Overhead (GFOH) Allocation Model. The GFOH charges for Finance include revenue from Capital Funds, Enterprise Funds, General Fund, Internal Service Funds, Special Revenue Funds, and Independent Boards and Commissions.

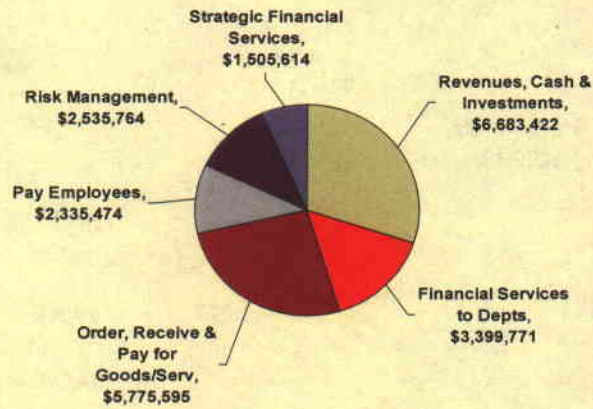
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City Coordinator – Finance 2011 Mayor's Recommended Expenditures by Type (\$22.2 million)



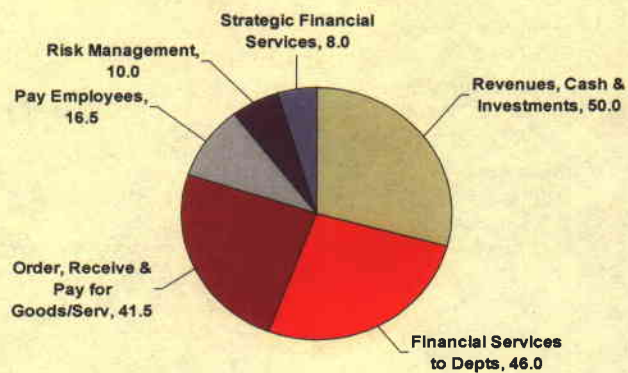
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City Coordinator – Finance 2011 Mayor's Recommended Budget
Expenditures by Service Activity (\$22.2 million)



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City Coordinator – Finance 2011 Mayor's Recommended Budget
Positions by Service Activity (172.0 FTEs)



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